



# Michigan *Office of the Auditor General* **REPORT SUMMARY**

## *Performance Audit*

### *Use of Transportation-Related Funding*

Report Number:  
591-0105-08

Released:  
September 2008

*Act 345, P.A. 2006, and Act 158, P.A. 2005, require State agencies that receive transportation-related funding for providing tax and fee collection and other services applicable to transportation funds to contract with the Michigan Department of Transportation (MDOT). These agencies are also required to annually report the amount of funding contracted with MDOT, funds expended, funds returned, and unreimbursed costs incurred but not billed to the transportation funds. The Office of the Auditor General is required to report on the use of transportation-related funding.*

#### ***Audit Objective:***

To determine the appropriateness of selected State agencies' charges to transportation funds.

#### ***Audit Conclusion:***

We determined that the charges to transportation funds were generally appropriate for 4 of the 5 selected State agencies. However, we noted one reportable condition (Finding 1).

#### ***Reportable Condition:***

The Department of Treasury did not allocate expenditures to the Michigan Transportation Fund and the State Aeronautics Fund based on the level of activity necessary to administer and enforce the Motor Fuel Tax Act (Sections 207.1001 - 207.1170 of the *Michigan Compiled Laws*). In addition, MDOT needs to improve its review and approval of the cost allocation methodologies developed by State agencies to help ensure that costs for transportation-related activities are

accurately identified and equitably allocated to transportation funds. (Finding 1)

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#### ***Audit Objective:***

To determine compliance with selected State agencies' contractual and reporting requirements for transportation-related funding.

#### ***Audit Conclusion:***

We determined that the selected State agencies generally complied with contractual and reporting requirements for transportation-related funding. Our report does not include any reportable conditions related to this audit objective.

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#### ***Audit Objective:***

To report charges to transportation funds, the cost allocation methodologies used in determining the level of funding, and unreimbursed costs.

***Audit Conclusion:***

We reported the charges to transportation funds, the cost allocation methodologies used in determining the level of funding, and the unreimbursed costs as supplemental information in this audit report. Our report does not include any reportable conditions related to this audit objective.

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***Agency Response:***

Our audit report contains 1 finding and 2 corresponding recommendations. The Department of Treasury's and MDOT's preliminary responses indicate that they generally agreed with the recommendations.

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A copy of the full report can be  
obtained by calling 517.334.8050  
or by visiting our Web site at:  
<http://audgen.michigan.gov>



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